

Industrial Commission

Analyst: Milstead

Historical Summary

OPERATING BUDGET	FY 2004 Total App	FY 2004 Actual	FY 2005 Approp	FY 2006 Request	FY 2006 Gov Rec
BY PROGRAM					
Compensation	4,513,900	3,783,100	4,798,700	4,856,700	4,827,900
Rehabilitation	3,363,100	2,898,600	3,402,300	3,594,200	3,575,900
Crime Victims Compensation	3,393,900	2,728,000	3,763,800	3,980,100	3,976,300
Adjudication	1,849,500	1,510,600	1,853,300	1,947,500	1,936,600
Total:	13,120,400	10,920,300	13,818,100	14,378,500	14,316,700
BY FUND CATEGORY					
Dedicated	12,590,700	10,421,000	12,992,200	13,527,800	13,466,000
Federal	529,700	499,300	825,900	850,700	850,700
Total:	13,120,400	10,920,300	13,818,100	14,378,500	14,316,700
Percent Change:		(16.8%)	26.5%	4.1%	3.6%
BY OBJECT OF EXPENDITURE					
Personnel Costs	6,736,000	6,187,900	7,000,900	7,507,400	7,476,800
Operating Expenditures	2,387,700	1,490,900	2,296,300	2,336,800	2,313,100
Capital Outlay	69,200	93,100	74,900	211,600	211,600
Trustee/Benefit	3,927,500	3,148,400	4,446,000	4,322,700	4,315,200
Total:	13,120,400	10,920,300	13,818,100	14,378,500	14,316,700
Full-Time Positions (FTP)	137.50	137.50	137.50	139.50	139.50

Department Description

The Industrial Commission was established in 1918 to ensure that Idaho's Workers' Compensation Law is impartially and efficiently administered. It encourages safe working environments, prompt and accurate benefit payments, timely dispute resolution, and quality vocational rehabilitation services. The Commission maintains files of all industrial accidents and illnesses and keeps records of employers and their workers compensation insurance companies.

The COMPENSATION PROGRAM includes benefits administration, employer compliance, fiscal, information systems, and the human resources section. Responsibilities of the Compensation Program include evaluating insurance carriers and employers wishing to become self-insured; enforcing the coverage requirements; and monitoring benefit payments. This program also funds the Logging Safety and Industrial Safety Programs at the Division of Building Safety. Industrial Safety provides inspections of state, school district, county and city facilities to ensure safe working conditions. The Logging Safety Program seeks to improve safety in logging operations across the state.

The REHABILITATION PROGRAM is a neutral party that supports a worker's medical recovery and assists in reducing their period of temporary disability resulting from an industrial injury. This program facilitates returning the worker to gainful employment at as close as possible to their pre-injury status and wage. The Rehabilitation Program is concerned with both physical and vocational rehabilitation with special emphasis on job placement. Consultants serve injured workers from eleven field offices across the state.

The CRIME VICTIMS COMPENSATION PROGRAM was established in 1986 to help offset the out-of pocket expenses incurred by innocent victims of crime. Benefits are paid only for costs such as medical and mental health care, lost wages, loss of support, and funeral expenses up to a maximum of \$25,000 per victim per crime. Property damages are not eligible. Funds are generated by surcharges on convictions or pleadings of guilt. Certain restitution and prison payment programs are also directed to the fund.

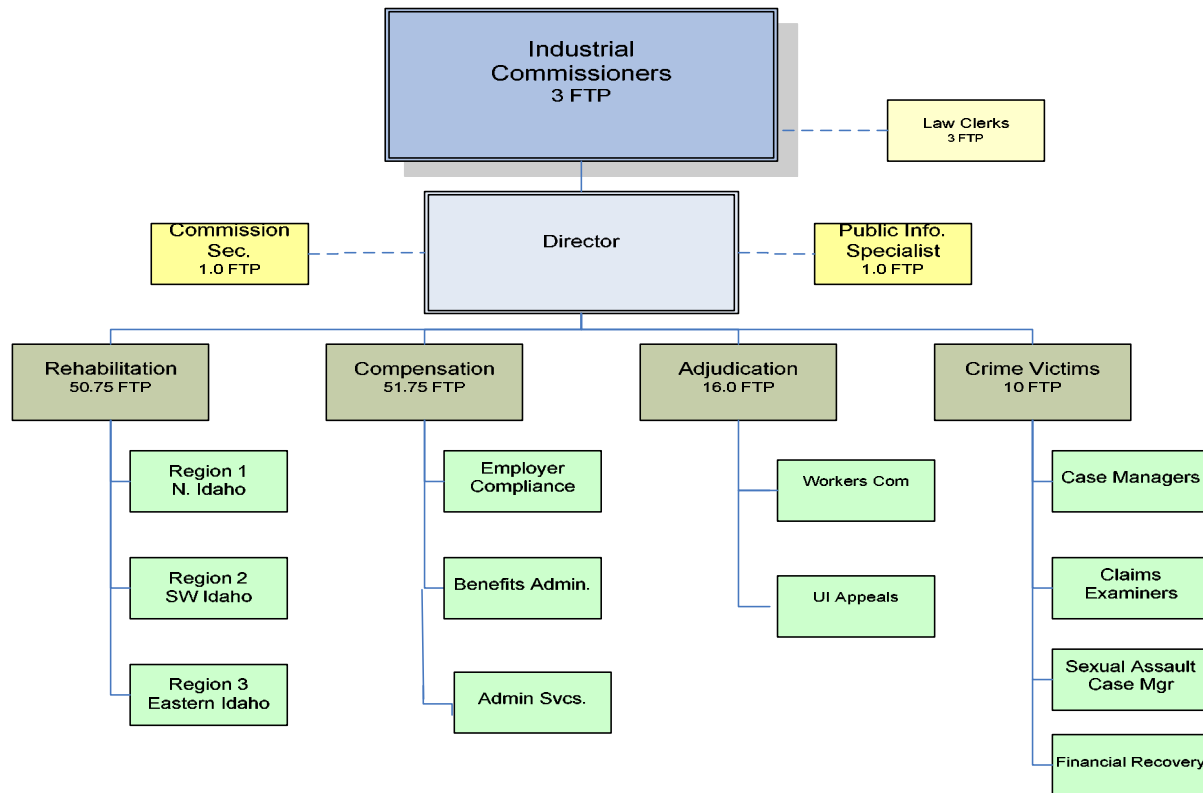
The ADJUDICATION PROGRAM consists of three commissioners appointed by the Governor who sit as a judicial body to hear and adjudicate disputes arising between injured workers and employers, and to provide judicial review of decisions from the Department of Labor. The Commission also provides a mediation process which is available at any stage of the claim to assist the parties in reaching a successful resolution of a dispute.

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Agency Profile

Organizational Chart



Sources/Uses of Funds

Industrial Administration Fund (300-00): Derived from 2.5% tax on workers compensation insurance policy premiums from every surety and self-insurer. Also other miscellaneous fees. Used to fund the Compensation, Rehabilitation, and Adjudication programs. Also used for Industrial Safety and Logging programs in the Division of Building Safety.

FY 2005 App.
\$10,024,300

Crime Victims Compensation (313-00): All persons convicted of misdemeanors or felonies pay a fine of \$25 for misdemeanors, \$50 for felonies, and an additional \$200 for any sex offense. These moneys are transmitted by the counties to the State Treasurer for deposit in this fund. Used to compensate victims of crime or their dependents for medical, mental health counseling, lost wages and burial (if applicable) expenses incurred directly as a result of being victimized. Maximum amount of \$25,000 per victim per crime.

\$2,942,900

Federal Grant (348-00): Crime victim funds from the Dept. of Justice.

\$825,900

Misc. Revenue (349-00): Seminar receipts for Commission sponsored workers compensation seminars. Pays for costs of conducting seminars.

\$25,000

\$13,818,100

Industrial Commission

Agency Profile

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Selected Measures

	FY 2002 Act.	FY 2003 Act.	FY 2004 Act.	FY 2005 Est.
1 Compensation Program				
Workers comp (WC) claims	46,340	44,606	42,352	43,500
Active covered employers	48,702	51,335	56,700	65,205
Cases of non-compliance	4,793	4,906	6,197	7,127
Cases brought into compl.	2,262	2,261	2,653	3,051
Cases of failure to comply	176	171	271	312
Active WC sureties	342	343	320	325
Active self-insured employers	27	29	28	30
Compensable claims closed	8,995	9,166	8,272	8,300
Med. benefits paid	72,877,316	87,617,000	85,830,000	87,000,000
Compensation paid	75,611,426	89,267,000	87,370,498	88,000,000
2 Rehabilitation Program				
Cases opened for Evaluation	2,468	2,588	2,510	2,600
Cases carried from prior year	1,207	1,294	1,355	1,200
Total cases handled	3,795	3,882	3,865	4,000
Cases closed w/o services	280	335	357	340
Cases provided services	3,515	3,547	3,508	3,550
After services # back to work	1,441	1,391	1,405	1,400
3 Crime Victims Program				
Crime victim claims filed	1,543	1,706	1,757	180
Decision made	1,395	1,278	1,390	1,460
Awards	1,179	1,052	1,115	1,168
Denials	216	225	275	292
Compensation paid	1,874,462	1,903,100	2,153,986	2,434,003
Funding from court fines	1,672,049	1,646,548	1,695,357	1,746,218
Federal grants received	345,000	447,000	820,900	855,900
4 Adjudication Program				
WC claims filed	46,243	44,606	42,352	43,000
WC complaints filed	1,181	1,255	1,222	1,250
WC hearings held	111	123	123	130
WC decisions issued	113	88	114	115
Mediations requested	536	577	782	800
Mediations held	264	325	469	500
Mediations successful	281	418	633	650
Unemployment appeals filed	598	594	679	740
Unemployment decisions	581	621	703	760

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Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
FY 2005 Original Appropriation	137.50	0	13,818,100	137.50	0	13,818,100
HB 805 One-time 1% Salary Increase	0.00	0	55,700	0.00	0	55,700
1. Commissioners' Salary	0.00	0	5,700	0.00	0	5,700
Governor's Rescission	0.00	0	0	0.00	0	(15,900)
FY 2005 Total Appropriation	137.50	0	13,879,500	137.50	0	13,863,600
Non-Cognizable Funds and Transfers	0.00	0	0	0.00	0	0
FY 2005 Estimated Expenditures	137.50	0	13,879,500	137.50	0	13,863,600
Removal of One-Time Expenditures	0.00	0	(140,600)	0.00	0	(135,500)
Base Adjustments	0.00	0	0	0.00	0	10,800
FY 2006 Base	137.50	0	13,738,900	137.50	0	13,738,900
Benefit Costs	0.00	0	135,300	0.00	0	104,700
Inflationary Adjustments	0.00	0	116,400	0.00	0	92,700
Replacement Items	0.00	0	187,300	0.00	0	187,300
Nonstandard Adjustments	0.00	0	(200,000)	0.00	0	(207,500)
Change in Employee Compensation	0.00	0	58,000	0.00	0	58,000
27th Payroll	0.00	0	224,200	0.00	0	224,200
FY 2006 Program Maintenance	137.50	0	14,260,100	137.50	0	14,198,300
1. Customer Service Rep.	1.00	0	51,900	1.00	0	51,900
2. Additional Disc Storage	0.00	0	6,000	0.00	0	6,000
3. Color Laser Printer	0.00	0	4,700	0.00	0	4,700
4. Claims Examiner	1.00	0	55,800	1.00	0	55,800
FY 2006 Total	139.50	0	14,378,500	139.50	0	14,316,700
Change from Original Appropriation	2.00	0	560,400	2.00	0	498,600
% Change from Original Appropriation			4.1%			3.6%

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2005 Original Appropriation	137.50	0	12,992,200	825,900	13,818,100
HB 805 One-time 1% Salary Increase					
Includes one-time salary increase (HB 805).					
Agency Request	0.00	0	55,700	0	55,700
Governor's Recommendation	0.00	0	55,700	0	55,700
1. Commissioners' Salary					
This Supplemental request authorizes \$5,700 in Personnel Cost spending authority for the Commissioner salary increase authorized by last year's legislation, HB 802. The bill provided for a 3% increase in the Commissioners' salary, but it was passed late in the Session--after the Commission's appropriation bill was passed. This Supplemental will authorize spending authority consistent with last year's legislation. The Commissioners' salary will increase to \$80,535.					
Agency Request	0.00	0	5,700	0	5,700
Governor's Recommendation	0.00	0	5,700	0	5,700
Governor's Rescission					
Agency Request	0.00	0	0	0	0
The Governor recommends removal of funds not needed to implement HB 805. In addition, the Governor recommends removal of risk management funding in excess of needs calculated by the Department of Administration.					
Governor's Recommendation	0.00	0	(15,900)	0	(15,900)
FY 2005 Total Appropriation					
Agency Request	137.50	0	13,053,600	825,900	13,879,500
Governor's Recommendation	137.50	0	13,037,700	825,900	13,863,600
Non-Cognizable Funds and Transfers					
Compensation					
Includes the transfer of 1.0 vacant FTP and appropriated personnel costs from the Rehabilitation Division to the Compensation Division (compliance investigator).					
Agency Request	0.00	0	0	0	0
Governor's Recommendation	0.00	0	0	0	0
FY 2005 Estimated Expenditures					
Agency Request	137.50	0	13,053,600	825,900	13,879,500
Governor's Recommendation	137.50	0	13,037,700	825,900	13,863,600
Removal of One-Time Expenditures					
Reflects the removal of one-time expenditures including replacement items and the one-time salary increase (HB 805).					
Agency Request	0.00	0	(140,600)	0	(140,600)
Governor's Recommendation	0.00	0	(135,500)	0	(135,500)
Base Adjustments					
Agency Request	0.00	0	0	0	0
Restore risk management rescission to the base.					
Governor's Recommendation	0.00	0	10,800	0	10,800
FY 2006 Base					
Agency Request	137.50	0	12,913,000	825,900	13,738,900
Governor's Recommendation	137.50	0	12,913,000	825,900	13,738,900

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
Benefit Costs					
Includes the employer-paid portion of estimated changes in employee benefit costs. The two biggest factors are health insurance rates and retirement rates. Health insurance is projected to increase by 9.7% or \$632 per position. Retirement rates are scheduled to increase by 5.9% from 10.39% to 11% of salary for regular employees and by 5.7% from 10.73% to 11.34% of salary for police and firefighters. Other benefit changes include a reduction in unemployment insurance rates, a reduction in Division of Human Resources rates for classified employees, and an increase in workers compensation rates.					
Agency Request	0.00	0	135,300	0	135,300
<i>The Governor does not recommend increases related to changes in the Public Employee's Retirement System.</i>					
Governor's Recommendation	0.00	0	104,700	0	104,700
Inflationary Adjustments					
Includes a general inflationary increase of 1.3% in operating expenditures and trustee/benefit payments. Also, includes a medical inflationary increase of 3.0% (\$92,700) in trustee/benefit payments related to the Crime Victims' Compensation program.					
Agency Request	0.00	0	91,800	24,600	116,400
<i>The Governor recommends no increase for general inflation. A 3.0% increase for medical inflation is recommended.</i>					
Governor's Recommendation	0.00	0	68,100	24,600	92,700
Replacement Items					
Includes the following replacement items, by Division:					
COMPENSATION DIVISION: two 4-wheel drive vehicles (\$27,000 each); 17 personal computers (\$1,000 each), and four monitors (\$350 each).					
REHABILITATION DIVISION: six vehicles (\$17,000 each), WAN items for the Sandpoint office (\$3,100 in CO and \$400 in OE), four personal computers (\$1,000 each) and three monitors (\$350 each).					
CRIME VICTIMS COMPENSATION DIVISION: one monitor (\$350).					
ADJUDICATION DIVISION: two personal computers (\$1,000 each) and two monitors (\$350 each).					
Agency Request	0.00	0	187,300	0	187,300
Governor's Recommendation	0.00	0	187,300	0	187,300
Nonstandard Adjustments					
The Statewide Cost Allocation Plan assesses state agencies for their actual use of Attorney General, State Controller and State Treasurer services. Also included are changes in property and casualty insurance premiums and the cost of office space leased to state agencies by the Department of Administration.					
This also reflects a reduction in funds (\$216,000) for the Division of Building Safety's Industrial Safety Program. This adjustment stems from decreased costs in the program attributable to the Elevator Safety inspections that are now being covered by fees assessed by the Division of Building Safety pursuant to last year's legislation, H569.					
Agency Request	0.00	0	(200,100)	100	(200,000)
Governor's Recommendation	0.00	0	(207,600)	100	(207,500)
Change in Employee Compensation					
Reflects the cost of a 1% salary increase for permanent and group positions.					
Agency Request	0.00	0	58,000	0	58,000
<i>The Governor recommends a compensation increase of 1% to be distributed based on merit. No adjustment to the pay line is recommended.</i>					
Governor's Recommendation	0.00	0	58,000	0	58,000

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
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27th Payroll

Reflects the cost of one additional payroll in fiscal year 2006. This happens every eleven or twelve years because there are 364 days in 26 payperiods but a year has 365.242 days.

Agency Request	0.00	0	224,100	100	224,200
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>224,100</i>	<i>100</i>	<i>224,200</i>

FY 2006 Program Maintenance

Agency Request	137.50	0	13,409,400	850,700	14,260,100
<i>Governor's Recommendation</i>	<i>137.50</i>	<i>0</i>	<i>13,347,600</i>	<i>850,700</i>	<i>14,198,300</i>

1. Customer Service Rep.

Crime Victims Compensation

The Commission requests 1.0 FTP and \$51,900 for a Customer Service Representative for the Crime Victims Compensation Program. The program has not increased administrative support personnel since FY 1995 and since that time the number of applications filed and victims served have nearly doubled. Currently, the program is developing a backlog of claims waiting to be processed. The addition of this new position will allow the program to meet established claims processing performance standards, will provide a more thorough and complete response to customer inquiries and requests for information, and will offer a more efficient and manageable work environment for the program. The requested spending authority is allocated in the following manner: \$39,700 for salary and benefits; \$4,400 for operating expenditures; and \$7,800 in one-time capital outlay (for personal computer and software and workstation and other miscellaneous furniture).

Agency Request	1.00	0	51,900	0	51,900
<i>Governor's Recommendation</i>	<i>1.00</i>	<i>0</i>	<i>51,900</i>	<i>0</i>	<i>51,900</i>

2. Additional Disc Storage

Compensation

The Commission requests \$6,000 in spending authority for additional disk storage for the Storage Area Network. The commission is in the process of migrating to web-based technology because HP will discontinue support of the Commission's current system after December 31, 2006. This additional storage will permit information to be stored while the transition occurs. (One-time expense).

Agency Request	0.00	0	6,000	0	6,000
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>6,000</i>	<i>0</i>	<i>6,000</i>

3. Color Laser Printer

Compensation

The Commission requests \$4,700 in spending authority for a laser color printer. The Commission currently has one color printer which prints 10 pages/minute and is used primarily by the Public Information Office. The new printer would be located centrally and used by all Commission sections and used for distributed literature and presentation materials. (\$3,100 one-time; \$1,600 on-going).

Agency Request	0.00	0	4,700	0	4,700
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>4,700</i>	<i>0</i>	<i>4,700</i>

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
4. Claims Examiner				Crime Victims Compensation	
<p>The Crime Victims Compensation Program requests a full-time Claims Examiner. The Commission states that the duties associated with processing crime victims' claims and service calls from providers and victims have exceeded the program's ability to manage current requests for service. Between FY 1996 and FY 2005 the Commission projects that the number of cases filed for compensation benefits will have grown from 857 to 1,911. This 123% increase in cases filed has taxed the ability of the existing claims examiner to process claims in a timely and thorough manner.</p> <p>The Commission states that the addition of this position will allow the program to meet increasing demand for victim compensation benefits, and to process claims within established claims processing performance standards. This additional position will allow a more thorough and complete response to crime victim and treatment provider inquiries regarding the status of claims submitted to the program for payment consideration. This should result in more comprehensive reviews of claims to ensure a more thorough coordination of benefits through the victim's third party payment sources and to identify patterns of over utilization and fraud.</p>					
Agency Request	1.00	0	55,800	0	55,800
Governor's Recommendation	1.00	0	55,800	0	55,800
FY 2006 Total					
Agency Request	139.50	0	13,527,800	850,700	14,378,500
Governor's Recommendation	139.50	0	13,466,000	850,700	14,316,700
Agency Request					
Change from Original App	2.00	0	535,600	24,800	560,400
% Change from Original App	1.5%		4.1%	3.0%	4.1%
Governor's Recommendation					
Change from Original App	2.00	0	473,800	24,800	498,600
% Change from Original App	1.5%		3.6%	3.0%	3.6%